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Dominican Republic

Sugar

Production Update

2006

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Report Highlights:

Estimated production of 510,000 MTRV in MY 2006 will not meet domestic requirements and international commitments. As a result 60,000 MTRV of raw sugar have been imported from Central America. The Dominican Republic is expected to fulfill its U.S. Quota allocation.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo
[DR]

Estimated production in the Dominican Republic has been revised down to 510,000 metric tons raw value (MTRV), which is slightly lower than previously reported. Dominican authorities through INAZUCAR, the Dominican Sugar Institute have revised current production estimates to include some upward adjustments in some of the most efficient mills such as Romana and Vicini and, more important, some of the formerly government owned mills that have not began operation.

The Porvenir mill had programmed to operate and produce over 35,000 MT in CY 2006. Industry sources have confirmed that the mill has produced less than 1,000 MT and do not foresee that they would even reach 10% of the original plan. Central Azucarero Consuelo (Boca Chica & Consuelo) had planned to produce about 32,000 MT of raw sugar this year however production has not yet begun. Central Romana and the Vicini Group are expected to have a great harvest and anticipate over 425,000 MTRV this year. The other mills: Barahona and Monte Llano are expected to produce the rest.

Sugar yields averaged 100 kilograms per metric ton of sugar cane. The local price for cane paid by sugar producers was approximately US\$12.50 per metric ton and fluctuates depending on the exchange rate value and the mill. With no additional investments in the sugar industry and the current overall economic situation prevailing in the country, the production level in 2007 is expected to improve slightly if no sugar fields are damaged and good weather prevails.

Domestic consumption has remained flat between 320,000 to 330,000 MTRV for several years and is not anticipated to change in 2007. The domestic wholesale price for raw sugar stands at approximately US\$0.25 per kilogram. Overall consumption of refined versus raw sugar is almost evenly divided (55:45). The general public consumes sugar in raw form, while the soft drink, juice, and confectionary industries primarily use refined sugar. Early in the decade, limited refining capacity required some imports of refined sugar to meet domestic needs, after filling the U.S. import quota. With preliminary refined sugar production numbers at about 135,000 MTRV for 2006, perhaps a small quantity of refined sugar import may be needed before the next harvest. At this time it is difficult to anticipate production for 2007 but, if production continues increasing and the sugar quota levels return to previous 185,000 MT, probably no imports will be required. On the other hand, if quota levels continue at the 2006 levels and production as anticipated, imports will again be required.

Import duties are 15 percent for raw sugar imports and 20 percent for refined sugar, plus a value added tax of 16 percent known by its Spanish acronym "ITBIS". Recently and based on the production, consumption and the U.S. Quota requirements which increased over 20 percent this year, imports have been authorized to cover the deficit. INAZUCAR's original estimate for 2005-2006 production will be short by 50-60,000 MT and imports of 60,000 MT were authorized to avoid price speculation and monopolizing the limited stock remaining in the marketplace. Raw sugar was mostly imported from Guatemala and a small proportion from Nicaragua in early May.

The Dominican Republic is the largest holder of the U.S. tariff rate quota (TRQ) for sugar, with an allocation of 252,935 metric tons of the total U.S. import quota for 2006. This figure increased almost 50,000 MTRV over last year. By the end of the current quota year (September 2006), the Dominican Republic is expected to fill its quota allocation for the period. All Dominican raw sugar exports under the quota move to the continental United States, except for very small quantities that traditionally are shipped to Puerto Rico.

PSD Table

Country	Dominican Republic						
Commodity	Sugar Cane for Centrifugal						(1000 HA)(1000 MT)
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official	Estimate	IA Official	Estimate	IA Official	Estimate	[New]
Market Year Begin	11/2004			11/2005		11/2006	MM/YYYY
Area Planted	250	250	250	250	0	250	(1000 HA)
Area Harvested	238	238	240	235	0	240	(1000 HA)
Production	5100	4951	5150	5000	0	5100	(1000 MT)
TOTAL SUPPLY	5100	4951	5150	5000	0	5100	(1000 MT)
Utilization for Sugar	5100	4951	5150	5000	0	5100	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	5100	4951	5150	5000	0	5100	(1000 MT)

Commodity	Sugar, Centrifugal (1000 MT)						UOM
	2005	Revised	2006	Estimate	2007	Forecast	
	USDA Official	Estimate[1]	IA Official	Estimate[1]	IA Official	Estimate[New]	
Market Year Begin	11/2004			11/2005		11/2006	MM/YYYY
Beginning Stocks	60	60	28	19	12	11	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	485	466	520	510	0	520	(1000 MT)
TOTAL Sugar Production	485	466	520	510	0	520	(1000 MT)
Raw Imports	0	0	0	60	0	0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	60	0	0	(1000 MT)
TOTAL SUPPLY	545	526	548	589	12	531	(1000 MT)
Raw Exports	183	183	204	251	0	183	(1000 MT)
Refined Exp.(Raw Val)	2	2	2	2	0	2	(1000 MT)
TOTAL EXPORTS	185	185	206	253	0	185	(1000 MT)
Human Dom. Consumption	332	322	330	325	0	325	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	332	322	330	325	0	325	(1000 MT)
Ending Stocks	28	19	12	11	15	21	(1000 MT)
TOTAL DISTRIBUTION	545	526	548	589	15	531	(1000 MT)